

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 NSCE-00 INRE-00 PM-05 NSC-05
SP-02 SS-15 L-03 CIAE-00 INR-10 NSAE-00 EB-08
COME-00 OMB-01 TRSE-00 /062 W
-----122710 071743Z /53

O 071633Z AUG 78
FM AMEMBASSY ROME
TO SECSTATE IMMEDIATE 4722
SECDEF WASHDC IMMEDIATE

C O N F I D E N T I A L ROME 14458

SECDEF FOR OSD: ISA

EO 11652: GDS
TAGS: MARR IT
SUBJ: AWACS OFFSET: SECDEF LETTER

REF: SECDEF DTG 050052Z AUG 78

1. EMBASSY IS DELAYING FORWARDING REFERENCED MESSAGE TO ITALIAN MINISTER OF DEFENSE. IT IS NOT CLEAR TO US WHETHER THE MEMORANDUM OF UNDERSTANDING REFERRED TO IN SECRETARY BROWN'S LETTER IS A SPECIAL (AND HERETOFORE UNKNOWN) MOU RELATED SOLELY TO THE AWACS PROGRAM. IN THE SECRETARY'S LETTER TO RUFFINI IT IS STATED THAT: BEGIN QUOTE RECOGNIZING THE ECONOMIC REALITIES OF THIS PROGRAM, WE OFFERED ITALY AND OTHER PARTICIPATING ALLIES A MEMORANDUM OF UNDERSTANDING THAT WOULD WAIVE BUY AMERICAN AND OTHER PRICE DIFFERENTIAL PROVISIONS AND WOULD PROVIDE FOR A SPECIAL INCREASED EFFORT TO FACILITATE U.S. DEFENSE PROCUREMENT FROM ALLIES UNTIL SUCH TIME AS INDIVIDUAL ACQUISITION SHARES OF NATO AWACS WERE REACHED...END QUOTE. AS WE READ THE LETTER, THIS COMMITMENT TO OFFSET ITALY'S AWACS COSTS MAY BE CONFUSED WITH THE GENERAL MEMORANDUM OF UNDERSTANDING ON DEFENSE COOPERATION, NEGOTIATIONS OVER WHICH ANTEDATE THIS STAGE IN THE AWACS PROGRAM AND MERGED FROM THE TAD AND
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EPG DISCUSSIONS ON STANDARDIZATION. ITALIANS LOOK TO THAT MOU NOT ONLY TO ASSIST ALLIANCE RATIONALIZATION AND STANDARDIZATION BUT, OVER THE LONG TERM, TO REDRESS THE CURRENT IMBALANCE IN THEIR DEFENSE PROCUREMENT WITH THE UNITED STATES. AS SUCH, THAT MOU CONTEMPLATES, AT LEAST IN THE ITALIAN VIEW, A MUCH GREATER SUM OVER THE LONG TERM THAN THE 102 MILLION DOLLARS OF

ITALY'S AWACS PARTICIPATION.

3. NEITHER WE NOR THE ITALIANS UNDERSTOOD THE MEMORANDUM OF CONVERSATION BETWEEN UNDERSECRETARY PERRY AND MOD SECRETARY GENERAL MOIZO OF MAY 9 TO BE ANYTHING MORE THAN THAT. IN FACT, WE HAVE GONE TO SOME PAINS, IN LIGHT OF ITALIAN INDUSTRY'S REPORTED DISSATISFACTION WITH THE PROGRAMS MENTIONED IN THAT MEMORANDUM OF CONVERSATION, TO ASSURE THEM THAT THE MEMCON WAS AN ILLUSTRATIVE, NOT EXHAUSTIVE, DOCUMENT; THAT IT WAS A PRELIMINARY DISCUSSION OF OFFSET POSSIBILITIES, NOT A FINAL ONE.

4. EMBASSY BELIEVES THAT THE SECDEF LETTER, AS IT NOW STANDS, WILL CONFUSE AND DISMAY THE ITALIANS. IT COULD CALL INTO QUESTION THE SINCERITY OF OUR GENERAL MOU NEGOTIATIONS, ESPECIALLY SINCE BILATERAL MOU'S ALREADY NEGOTIATED WITH THE UNITED KINGDOM AND NORWAY HAVE, AS FAR AS WE KNOW, NOTHING DIRECTLY TO DO WITH AWACS. FURTHER, WE WOULD NOTE THAT WHILE THE ITALIANS BELIEVE THAT WE WIL OFFER SOME COMPENSATION FOR THEIR AWACS EXPENDITURES, THEY HAVE NEVER ASKED FOR ONE HUNDRED PERCENT COMPENSATION; THEY HAVE REMARKED THAT A PERCENTAGE APPROACHING THAT WHICH THE GERMANS HAVE SUCCEEDED IN OBTAINING WOULD BE QUITE SATISFACTORY.

5. ACTION REQUESTED: DOD CLARIFICATION OF REFERENCED
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MESSAGE.HOLMES

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MEMORANDUM OF UNDERSTANDING, AWACS, AIR DEFENSE, WARNING SYSTEMS
Control Number: n/a
Copy: SINGLE
Draft Date: 07 aug 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
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